

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:

FIRSTENERGY SOLUTIONS CORP., *et al.*,¹

Debtors.

Chapter 11

Case No. 18-50757 (AMK)
(Jointly Administered)

Hon. Judge Alan M. Koschik

**FIRST INTERIM APPLICATION OF SITRICK AND COMPANY, INC. FOR
COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF
EXPENSES INCURRED AS CORPORATE COMMUNICATIONS CONSULTANTS
TO THE DEBTORS FROM APRIL 1, 2018 THROUGH JULY 31, 2018**

Name of Applicant: Sitrick And Company, Inc.

Authorized to Provide Professional Services to: Debtors and Debtors-in-Possession

Date of Retention: May 9, 2018 *nunc pro tunc* to March 31, 2018
(the "Petition Date")

Time Period Covered by the Application: April 1, 2018 - July 31, 2018

Total Fees Requested in the Application: \$536,415.75

Total Expenses Requested in the Application: \$54,110.30

Total Fees and Expenses Sought: \$590,526.05

This is an: _____ Monthly X Interim _____ Final Application

¹ The Debtors in these Chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: FE Aircraft Leasing Corp. (9245), Case No. 18-50759; FirstEnergy Generation, LLC (0561), Case No. 18-50762; FirstEnergy Generation Mansfield Unit 1 Corp. (5914), Case No. 18-50763; FirstEnergy Nuclear Generation, LLC (6394), Case No. 18-50760; FirstEnergy Nuclear Operating Company (1483), Case No. 18-50761; FirstEnergy Solutions Corp. (0186); and Norton Energy Storage L.L.C. (6928), Case No. 18-50764. The Debtors' address is: 341 White Pond Dr., Akron, OH 44320.

Pursuant to Sections 105, 330, and 331 of Chapter 11 of Title 11 of the United States Code, (the “**Bankruptcy Code**”), Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Rule 2016-1 of the Local Rules of the United States Bankruptcy Court for the Northern District of Ohio (the “**Local Bankruptcy Rules**”), the *Order Authorizing Retention and Employment of Sitrick And Company, Inc. as Corporate Communications Consultant to the Debtors Nunc Pro Tunc to the Petition Date* [Docket No. 500] (the “**Retention Order**”), the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals*, dated April 26, 2018 [Docket No. 427] (the “**Interim Compensation Order**”), the Guidelines for Compensation and Expense Reimbursement of Professionals (the “**Local Guidelines**”), and the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases Effective as of November 1, 2013 (the “**U.S. Trustee Guidelines**”), Sitrick And Company, Inc. (“**Sitrick**”), corporate communications consultants for the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”), hereby files this first interim fee application (the “**Interim Fee Application**”) for the period of April 1, 2018 through July 31, 2018 (the “**Interim Fee Period**”).

Specifically, Sitrick seeks (i) payment in the amount of \$536,415.75, the total amount of compensation sought for actual and necessary communication services rendered to the Debtors during the Interim Fee Period and (ii) reimbursement in the amount of \$54,110.30 for actual and necessary costs and expenses incurred by Sitrick in connection with such services during the Interim Fee Period, and represents as follows:

JURISDICTION

1. This Court has jurisdiction to consider this Interim Fee Application under 28 U.S.C. §§ 157 and 1334.
2. This is a core proceeding under 28 U.S.C. § 157(b).
3. Venue of these cases and this Interim Fee Application in this district is proper under 28 U.S.C. §§ 1408 and 1409.
4. The legal predicates for the relief requested herein are Bankruptcy Code sections 330 and 331, Bankruptcy Rule 2016 and Local Bankruptcy Rule 2016-1.

BACKGROUND

5. On March 31, 2018 (the “**Petition Date**”), the Debtors commenced these cases by filing petitions for relief under Chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”).
6. The factual background regarding the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of the Chapter 11 Cases, is set forth in the *Declaration of Donald R. Schneider In Support Of Chapter 11 Petitions and First Day Motions*, filed on April 1, 2018.

RETENTION OF SITRICK

7. April 6, 2018, the Debtors applied to the Court for an order authorizing it to retain Sitrack as corporate communications consultants to the Debtors pursuant to an engagement agreement dated March 21, 2018 (the “**Engagement Agreement**”), effective as of the Petition Date.

8. On May 9, 2018, the Court entered the Retention Order authorizing the Debtors to employ Sitrick effective as of the Petition Date, in accordance with the provisions of the Retention Order and Engagement Agreement. *See* Docket No. 500.

INTERIM COMPENSATION ORDER

9. On April 26, 2018, the Court entered the Interim Compensation Order, which sets forth the procedures for interim compensation and reimbursement of expenses for all professionals in these Chapter 11 Cases.

10. In particular, the Interim Compensation Order provides that a professional may file and serve an Interim Fee Application within forty-five (45) days after the end of the Interim Fee Period for which the request for allowance of compensation and reimbursement of expenses is sought.

11. Provided that there are no objections to the Interim Fee Application filed within twenty (20) days after the service of an Interim Fee Application, the professional may file a certificate of no objection with the Court, after which the Court may, in its discretion, authorize the Debtors to pay such professional all requested fees (including the 20% holdback) and expenses not previously paid without the need for a hearing.

12. If an objection to the Interim Fee Application is filed, then the Interim Fee Application will be heard at the next scheduled hearing on Interim Fee Applications (the “Interim Fee Hearing”).

SUMMARY OF SERVICES RENDERED

13. Sitrick is one of the nation’s leading public relations firms. Sitrick is a full-service independent global public relations firm with approximately 50 professionals collaborating across its Los Angeles, New York, San Francisco and Washington DC offices.

Sitrick has been ranked as one of the top strategic communications companies in the nation and has emerged as a leader in corporate reputation management, with extensive experience in both out-of-court restructurings and complex Chapter 11 cases.

14. Formed in 1989, Sitrick specializes in addressing sensitive business situations that require communications strategies targeted to a variety of constituencies, including customers, employees, vendors, shareholders, bondholders, and the media. Sitrick has substantial experience providing corporate communications services to large companies in connection with both in- and out-of-court restructurings.

15. Since the Petition Date, Sitrick has render corporate communications consulting and related services to the Debtors as needed throughout the course of the Chapter 11 Cases. In particular, Sitrick has performed, among others, the following services:

- (a) Developing and implementing communications programs and related strategies and initiatives for communications with the Debtors' key constituencies (including customers, employees, vendors, bondholders, related key constituencies, and the media) regarding the Debtors' operations and progress through the Chapter 11 process;
- (b) Developing public relations initiatives for the Debtors to maintain public confidence and internal morale during the Chapter 11 process;
- (c) Preparing press releases and other public statements for the Debtors, including statements relating to major Chapter 11 events;
- (d) Preparing other forms of communication to the Debtors' key constituencies and the media;
- (e) Developing and maintaining a website containing communications materials for various constituencies regarding the restructuring; and
- (f) Perform such other communications consulting services as may be requested by the Debtors.

16. Sitrick's professionals have expended a total of 873.00 hours in connection with the Chapter 11 Cases during the Interim Fee Period.

17. Sitrick is seeking compensation of \$536,415.75 in fees for professional services rendered by Sitrick during the Interim Fee Period. This amount is derived solely from the applicable hourly billing rates of the Sitrick personnel who rendered such services to the Debtor. A summary of charges is attached hereto as **Exhibit A.**

18. Sitrick also requests reimbursement of the actual and necessary out-of-pocket disbursements and charges incurred during the Interim Fee Period, equal to \$54,110.30. The expense detail is attached hereto as **Exhibit B.**

19. Sitrick has attempted to include in this Interim Fee Application all time and expenses relating to the Interim Fee Period. Delays in processing such time and receiving invoices for certain expenses, however, do occur. Accordingly, Sitrick reserves the right to supplement this Interim Fee Application. This Interim Fee Application is also made without prejudice to Sitrick's right to seek a final allowance of compensation in the future.

20. Sitrick has received no promise of payment for professional services rendered or to be rendered in the Chapter 11 Cases other than in accordance with the provisions of the Bankruptcy Code.

ALLOWANCE OF COMPENSATION

21. Bankruptcy Code section 330 authorizes the Court to award “reasonable compensation for actual, necessary services rendered by the . . . professional person” 11 U.S.C. § 330. In order to evaluate a request for allowance of fees by a professional person, a court must determine whether the services rendered were actual and necessary and the fees requested are reasonable. Sitrick respectfully submits that its request for an interim award of compensation for the Interim Fee Period satisfies that standard.

22. Because of the benefits realized by the Debtors, the nature of the Chapter 11 Cases, the reputation of Sitrick and its professionals who rendered services, the amount of work done, the time consumed, the skill required and the contingent nature of the compensation, Sitrick requests that it be allowed compensation for the value of the professional services rendered during the Interim Fee Period, for a total of \$536,415.75.

23. Sitrick reserves the right to seek payment for work performed or expenses incurred during the Interim Fee Period but not yet reflected in Sitrick's time records or to amend the amounts listed herein to correct any bookkeeping errors. In the event that a subsequent review reveals that additional professional services have been rendered or expenses have been incurred on behalf of the Debtors during the Interim Fee Period, which were not processed by Sitrick's accounting system before the time of this Interim Fee Application, Sitrick reserves the right to seek such additional fees and expenses by subsequent application to the Court.

24. Sitrick achieved cost efficiencies by employing a streamlined case management structure. Instead of assigning various professionals to the myriad tasks that have arisen since the Petition Date, Sitrick designated a core group of professionals who were assigned responsibility for specific matters and types of matters. This (i) allowed certain professionals to work almost exclusively on discrete matters in the Debtors' Chapter 11 Cases, (ii) permitted the Chapter 11 Cases to be staffed at the appropriate experience level, and (iii) enabled Sitrick to avoid performing duplicative or unnecessary work.

25. Sitrick further reserves the right to request additional compensation at a later date for time spent preparing this Interim Fee Application.

26. Other than between Sitrick and its shareholders and professionals, no agreement or understanding exists between Sitrick and any other person or persons for the sharing of

compensation received or to be received for professional services rendered in or in connection with these Chapter 11 Cases, nor will any be made except as permitted pursuant to Bankruptcy Code section 504(b)(1).

REIMBURSEMENT OF EXPENSES

27. As stated above, complete descriptions of each expense incurred during the Chapter 11 Cases are attached hereto as Exhibit B. Sitrick's policy requires all professionals to retain and submit for review receipts and/or invoices for all disbursements incurred through outside vendors. Sitrick maintains all receipts and/or invoices related to each client's disbursement account in a central storage facility, and such records can be produced upon request.

28. Sitrick has disbursed and requests reimbursement of \$54,110.30 which represents actual, necessary expenses incurred in the rendition of professional services in this case.

NOTICE

29. Notice of this Interim Fee Application has been provided in accordance with the Interim Compensation Order to: (a) the Debtors, FirstEnergy Solutions Corp., 341 White Pond Drive, Akron, OH, 44320 (Attn. Rick Giannantonio); (b) counsel for the Debtors, Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, 44th Floor, New York, NY 10036-6745 (Attn. Lisa Beckerman) and 1333 New Hampshire Avenue, N.W., Washington, DC 20036 (Attn. Scott Alberino); (c) local counsel for the Debtors, Brouse McDowell LPA, 388 South Main Street, Suite 500, Akron, OH 44311 (Attn. Kate Bradley and Marc Merklin); (d) Office of the United States Trustee, Howard M. Metzenbaum U.S. Courthouse, 201 Superior Avenue East, Suite 441, Cleveland, OH 44114 (Attn: Tiiara Patton); (e) Counsel to FirstEnergy Corp. and its non-Debtor subsidiaries, Jones Day, 901 Lakeside Avenue, Cleveland, OH 44114 (Attn: Heather Lennox and

Thomas Wearsch); (f) counsel to the Unsecured Creditors' Committee, Milbank, Tweed, Hadley & McCloy, 28 Liberty Street, New York, NY 10005 (Attn: Evan Fleck); and (g) the Fee Examiner, Direct Fee Review, LLC, 1000 North West Street, Suite 1200, Wilmington, DE 19801.

OBJECTION DEADLINE

30. In accordance with the Interim Compensation Order, the deadline to object to this Interim Fee Application is the 20th day following service of this Interim Fee Application. *See* Interim Compensation Order, ¶ 2(h).

PRIOR REQUESTS

31. Sitrick previously filed three (3) monthly fee statements (the “**Monthly Fee Statements**”), to which no objections were filed: the First Monthly Fee Statement filed June 20, 2018 [Docket No. 781]; the Second Monthly Fee Statement filed July 20, 2018 [Docket No. 1015]; and the Third Monthly Fee Statement filed August 24, 2018 [Docket No. 1220]. The Monthly Fee Statements covered the Interim Fee Period and are fully incorporated herein by this reference.

32. As set forth in Exhibits A and B, in connection with the Monthly Fee Statements, as of the date of this Interim Fee Application, the Debtors have paid to Sitrick \$429,078.60 in fees and \$54,110.30 in expenses. The Debtors have held back \$107,337.15 in fees. Through this Interim Fee Application and in accordance with the Interim Compensation Order, Sitrick seeks interim approval of all fees and expenses incurred during the Interim Fee Period and payment of all amounts the Debtors have held back.

CERTIFICATE OF COMPLIANCE AND WAIVER

33. On behalf of Sitrick, Brenda Adrian certifies that it has reviewed the requirements of Local Bankruptcy Rule 2016-1 and that the Interim Fee Application substantially complies with that Local Bankruptcy Rule. To the extent that the Interim Fee Application does not comply in all respects with the requirements of Local Bankruptcy Rule 2016-1, counsel believes that such deviations are not material and respectfully requests that any such requirement be waived.

WHEREFORE, Sitrick respectfully requests interim approval and payment of (a) interim compensation for professional services rendered as corporate communications consultants to the Debtors in the total amount of \$536,415.75 for the fees incurred during the Interim Fee Period; (b) reimbursement of actual and necessary expenses incurred in the amount of \$54,110.30; and (c) such other and further relief as is just and proper.

Dated: September 14, 2018

Respectfully submitted,

SITRICK AND COMPANY, INC.



By: Brenda Adrian
Member of the Firm

QUARLES & BRADY LLP

/s/ Jason D. Curry

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Attorneys for Sitrick And Company, Inc.

EXHIBIT "A"

**CUMULATIVE SUMMARY OF INTERIM FEE APPLICATION OF SITRICK AND
COMPANY FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES
AS CORPORATE COMMUNICATIONS CONSULTANTS TO THE DEBTORS**

FIRST INTERIM PERIOD APRIL 1, 2018 - JULY 31, 2018								
Fee Statement Filing Date, Docket No.	Certificate of No Objection Filing Date, Docket No.	Period Covered By Fee Statement	Total Fees Requested	Total Fees Paid to Date (80%)	Total Expenses Requested	Total Expenses Paid to Date (100%)	Amount of Remaining Fees (20%)	Amount of Remaining Expenses
6/20/18 Dkt. 781	7/12/18 Dkt. 942	4/1/18- 5/31/18	\$307,224.00	\$245,779.20	\$34,418.64	\$34,418.64	\$61,444.80	\$0.00
7/20/18 Dkt. 1015	8/13/18 Dkt. 1138	6/1/18- 6/30/18	\$107,478.75	\$85,929.00	\$16,216.06	\$16,216.06	\$21,549.75	\$0.00
8/24/18 Dkt. 1220	9/14/18 Dkt. 1361	6/22/18- 7/31/18 ¹	\$121,713.00 ²	\$97,370.40	\$3,475.60	\$3,475.60	\$24,342.60	\$0.00
TOTAL			\$536,415.75	\$429,078.60	\$54,110.30	\$54,110.30	\$107,337.15	\$0.00

¹ This fee statement includes some time that was incurred in June, 2018 that was not included in prior fee statements.

² The Third Monthly Fee Statement [Docket No. 1220] inadvertently asserted total fees in the amount of \$146,055.60.

EXHIBIT "B"

EXPENSE SUMMARY

Expense Category	Service Provider (if applicable)	Expense
Airfare	American Airlines Delta Airlines United Airlines	\$8,453.49
Ground Transportation		\$6,390.35
Lodging	Courtyard Marriott	\$6,316.88
Meals		\$1,963.76
Other	Politico Pro Service	\$7,000.00
Other	Quarles & Brady LLP	\$6,919.82
Parking		\$36.00
PR Newswire		\$17,030.00
TOTAL EXPENSES:		\$54,110.30¹

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¹ As set forth in Exhibit A, the Debtors have not yet paid Sitrick all authorized amounts, but Sitrick has prepared this Interim Fee Application in anticipation of such payments.